

Message Text

CONFIDENTIAL

PAGE 01 PRAGUE 01309 101623Z

43

ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 EB-11 L-03 TRSE-00 FCSC-01 OMB-01

FBO-01 SS-20 NSC-07 SSO-00 NSCE-00 USIE-00 INRE-00

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O R 101555Z JUN 74

FM AMEMBASSY PRAGUE

TO SECSTATE WASHDC IMMEDIATE 6371

INFO US MISSION GENEVA 159

C O N F I D E N T I A L PRAGUE 1309

E.O. 11652: GDS

TAGS: PFOR, CZ

SUBJECT: CLAIMS NEGOTIATIONS: DISCUSSION WITH FOREIGN MINISTER

REF: PRAGUE 1308

GENEVA FOR AMBASSADOR SHERER

1. AT CLOSE OF TODAY'S NEGOTIATING SESSION (REFTEL) ZANTOVSKY SAID THAT FOREIGN MINISTER CHNOUPEK MIGHT WANT TO SEE ME TODAY. AFTER SOME WAIT, DURING WHICH ZANTOVSKY EVIDENTLY BRIEFED CHNOUPEK ON CLAIMS SESSION, I WAS RECEIVED BY CHNOUPEK.

2. AFTER EXPRESSING SATISFACTION AT RESUMPTION OF NEGOTIATIONS, CHNOUPEK LAUNCHED INTO DISCUSSION OF RECENT TRENDS IN BILATERAL AND INTERNATIONAL RELATIONS. HE HIGHLIGHTED STEPS PRESIDENT NIXON HAS TAKEN IN WHAT CHNOUPEK CHARACTERIZED AS IRREVERSIBLE SHIFT FROM COLD WAR TO ACCOMMODATION AND DETENTE. IN THIS CONNECTION, HE DESCRIBED JUNE 5 ANNAPOLIS SPEECH AS EXPRESSING SIGNIFICANT AND REALISTIC VIEWS ON MAJOR ISSUES. HE SAID THAT CZECHOSLOVAKIA, FOR ITS PART, IS PREPARED TO TAKE CONCRETE STEPS IN EXPANDING BILATERAL RELATIONS, INCLUDING MAJOR INCREASE IN PURCHASES FROM US AND CONCLUSION OF PENDING CULTURAL AND SCIENTIFIC EXCHANGES AGREEMENT. CZECHOSLOVAK LEADERSHIP CONSIDERS THAT TIME IS RIPE TO MOVE AHEAD, WITH CONCLUSION OF CLAIMS AGREEMENT CONSTITUTING IMPORTANT MILESTONE. CHNOUPEK
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PAGE 02 PRAGUE 01309 101623Z

SPOKE OF IMPROVED CLIMATE IN RELATIONS, REFERRING TO HIS CON-

TACTS WITH SECRETARY KISSINGER, TO RECENT US MOVE TO IMPROVE ARRANGEMENTS FOR CZECH MERCHANT VESSELS CALLING AT US PORTS, AND TO HIS EFFORTS TO DEAL WITH PROBLEMS OF DIVIDED FAMILIES (IN CONNECTION WITH WHICH HE SAID THERE WILL SOON BE FURTHER ACTION).

3. GIVEN SIGNIFICANCE OF CLAIMS SETTLEMENT AFTER SO MANY YEARS, CHNOUPEK SAID HE BELIEVED SIGNATURE ARRANGEMENTS SHOULD REFLECT THIS. HE REMARKED THAT RECENT SOUNDINGS HAD CONVINCED CZECHS THAT SIGNATURE BY PRESIDENT, WHICH THEY WOULD WELCOME, MAY NOT BE LIKELY PROSPECT. HE PROPOSED AS ALTERNATIVE THAT AGREEMENT BE SIGNED BY FOREIGN MINISTERS ADDING, WITH A SMILE, THAT FOLLOWING THE SECRETARY'S GREAT SUCCESS IN THE MIDDLE EAST, DEMANDS UPON HIM MIGHT BE LIGHTER AND WASHINGTON VISIT MIGHT BE WORKED OUT.

4. TURNING BACK TO CLAIMS, CHNOUPEK SAID HE UNDERSTOOD FROM ZANTOVSKY THAT WE HAD TODAY DEALT WITH REMAINING POINTS AT ISSUE. HE SAID THAT CZECHS WERE ANXIOUS TO COMPLETE NEGOTIATIONS QUICKLY, AND THAT HE WOULD NOW GO TO LEADERSHIP FOR FINAL AUTHORITY. HE REFERRED TO REMAINING DIFFERENCES (REFTEL) AND INDICATED THAT IT WOULD BE HELPFUL IF HE COULD SEEK TO RESOLVE ENTIRE PACKAGE NOW WITHOUT NEED FOR FURTHER PLENARY SESSIONS AND ON BASIS OF MAXIMUM INDICATION OF US WILLINGNESS TO DEAL WITH UNRESOLVED QUESTIONS. I SAID THAT, IF ALL OTHER ISSUES CAN BE SETTLED AS DISCUSSED, WE WILL ACCEPT LUMP-SUM PAYMENT OF \$20.5 MILLION AND TWELVE-YEAR PAYMENTS WITH ACCELERATOR CLAUSE.

5. CHNOUPEK SAID HE WOULD NOW GO PROMPTLY TO LEADERSHIP, AND EXPRESSED HOPE THAT WE WILL BE ABLE TO MOVE QUICKLY TO CONCLUSION. HE PROMISED TO INFORM US AS SOON AS HE HAD DECISION.

6. WHILE UNCONDITIONAL ESCALATOR WILL EVIDENTLY BE OPPOSED

BY MINISTRY OF FOREIGN TRADE, CHNOUPEK SOUNDED CONFIDENT THAT HE WOULD BE AUTHORIZED TO ACCEPT PROPOSAL. THIS COULD COME WITHIN A DAY OR TWO, AND CZECHS WILL THEN WISH TO MOVE, AS QUICKLY AS WE ARE READY, TO DRAFTING AGREED TEXT. THEY CLEARLY HOPE TO HAVE INITIALLED TEXT BEFORE SUMMER SEASON, CONFIDENTIAL

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PAGE 03 PRAGUE 01309 101623Z

WHETHER OR NOT SIGNATURE CAN BE WORKED OUT DURING SUMMER. WE WOULD, THEREFORE, HOPE THAT KWIA TEK CAN COME TO PRAGUE SHORTGW FOR DRAFTING AND FINAL ARRANGEMENTS. WE WOULD APPRECIATE EARLY WORD, EVEN IF PRELIMINARY, OF KWIA TEK'S AVAILABILITY.
WORTZEL

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